

Message Text

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PAGE 01 DACCA 00614 070522Z

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ACTION AID-59

INFO OCT-01 NEA-11 ISO-00 EB-11 IGA-02 L-03 TRSE-00 XMB-07

OMB-01 RSC-01 /096 W

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R 070425Z FEB 74

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 2114

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SECSTATE FOR NEA/PAB, EB/IFD, EXIM BANG AND TREAS
AID/W FOR ASIA/SA/BD

E.O. 11652: N/A

TAGS: EAID, BG

SUBJECT: DEBT NEGOTIATIONS

REF: A. STATE 22501 B. DACCA 168 C. STEPANEK MEMO
IBRD DEBT MEETING DATED JAN 21, 1974 D. STATE 21921

1. RE PARA 1, REF A, WE CANNOT GIVE ANY ENCOURAGEMENT RE POSSIBILITY
RAPID BDG ACCEPTANCE IN PRINCIPLE OF LIABILITY 28 LOANS. FOLLOWING
POINTS SUPPORT THIS CONCLUSION:

A. IN MEETING WITH SEC, PLANNING COMMISSION, REPORTED REF B, HE
MADE CLEAR BDG DESIRES DETAILED REVIEW EACH LOAN AND WILL RAISE
QUESTIONS ON INCOMPLETED PROJECTS, RELENDING CREDITS AND FEASIBILITY
STUDIES. AT THAT MEETING USAID REPS STRESSED ADVANTAGE AGREEMENT
IN PRINCIPLE.

B. IBRD MEETING REPORTED REF C SERVED TO REITERATE POINTS BDG WILL
RAISE INCLUDING ONES ON DAMAGED AND BAD PROJECTS. DETAILED LOAN
DOCUMENTATION MAY BE REQUIRED. IBRD REPS WENT ON TO STRESS THIS
PROCESS URGED BY DONORS AND IT MUST NOW RUN ITS COURSE.

C. IBRD REPORTS THAT BDG APPARENTLY WISHES TO REVIEW THIS ENTIRE
DONOR DEBT BURDEN BEFORE ACCEPTING LIABILITY OF ANY OF IT. BIRD
CONCURS THIS VIEW.

D. SINCE BDG DESPBE REVIEW DATA IN DETAIL IS REASONABLE PART OF
NEGOTIATIONS AND SINCE DATA JUST RECEIVED MORE THAN SEVEN MONTHS
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PAGE 02 DACCA 00614 070522Z

AFTER GOP CONSORTIUM AGREEMENT, WE FIND IT AWKWARD TO BE INSISTING

ON INSTANT AGREEMENT BY BDG NO MATTER WHAT ITS SELF INTEREST
DICTATES.

2. MATERIAL POUCHED PER REF D RECEIVED. SEEKING MEETING WITH SEC
PC TO PRESENT SAME FORMALLY. AT THAT MEETING, WILL RAISE MATTER
AGREEMENT IN PRINCIPLE. HAVE STRESSED AREAS OF DISAGREEMENT INVOLVE
SMALL PROPORTION TOTAL LIABILITY (ESPECIALLY WHEN VIEWED IN HIGH
ADVANTAGE FAVORABLE RE-SCHEDULING TERMS) AS OPPOSED TO POSSIBLE
JEOPARDIZING OF NEW AID GAF JUNE 30 PASSES
WITHOUT RESOLUTION. HOW-
EVER, WISH TO REITERATE REF A, PARA 1, QUOTE FIRM UNDERSTANDING
WITH BDG ON CREDITS AND AMOUNTS FOR WHICH IT WILL ACCEPT RESPONSI-
BILITY UNQUOTE INSIDE OF THIS MONTH, OR EVEN NEXT, MOST UNLIKELY.

3. SEPTTEL FOLLOWS STATING SEVERAL QUESTIONS WHICH BELIEVE NEED
CLARIFICATION PRIOR OUR INITIATING MORE FORMAL NEGOTIATIONS. ALSO,
POUCHING (TO AID/SA/BD) IBRD'S MINUTES OF MEETING COVERED BY REF C
AND BDG PAPER GIVEN INFORMALLY TO US AND OTHER DONORS SHOWING
FORMAT FOR PRESENTATION OF DEBT MATERIAL BY DONORS.
DECONTROL FEBRUARY 6, 1975
NEWBERRY

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